

# HOUSE BILL No. 1235

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-32.2-1-1; IC 24-8-1-1; IC 28-1-23.2; IC 35-45-5.

**Synopsis:** Savings promotion raffles. Allows an eligible depository financial institution to offer and conduct a savings promotion raffle that: (1) is associated with one or more qualified accounts or qualified financial programs offered by the eligible depository financial institution; and (2) offers eligible individuals one or more chances to win specified prizes. Specifies certain conditions that a savings promotion raffle must meet. Provides that a savings promotion raffle must allow an eligible individual to obtain an entry to win a prize only by doing either or both of the following: (1) Depositing a minimum specified amount in a qualified account. (2) Participating in one or more qualified financial programs. Provides that a savings promotion raffle must be approved by: (1) the director of the department of financial institutions (director); and (2) the eligible depository financial institution's board of directors; before it is offered or promoted to eligible individuals. Permits the director to: (1) adopt rules, policies, or guidance; and (2) exercise certain enforcement powers; with respect to the conduct of savings promotion raffles in Indiana. Requires the director to: (1) monitor federal regulatory and legislative action concerning the authorization of certain depository financial institutions prohibited by federal law from offering savings promotion raffles or similar prize linked savings products to offer such raffles or products; and (2) not later than 30 days after learning that federal action has been taken to authorize any of the institutions to offer such raffles or products: (A) adopt rules, policies, or guidance to provide that any of the institutions that seek to offer a savings promotion raffle to Indiana residents must offer and conduct the savings promotion raffle in

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**Effective:** Upon passage.

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## Riecken, Koch, Burton, Moed

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January 14, 2014, read first time and referred to Committee on Financial Institutions.

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accordance with these new provisions; and (B) notify the legislative council of the federal action taken so that the general assembly may prepare legislation to conform these new provisions, or any other statute or rule, with the federal action taken. Specifies that Indiana Code provisions concerning: (1) charity gaming; (2) promotional gifts and contests; and (3) criminal gambling; do not apply to a savings promotion raffle offered or conducted by an eligible financial institution.



Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1235

A BILL FOR AN ACT to amend the Indiana Code concerning financial institutions.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-32.2-1-1, AS AMENDED BY P.L.95-2008,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: Sec. 1. (a) This article applies only to a qualified  
4 organization.  
5 (b) This article applies only to the following approved gambling  
6 events conducted as fundraising activities by qualified organizations:  
7 (1) Bingo events, charity game nights, door prize events, raffle  
8 events, festivals, and other gaming events approved by the  
9 commission.  
10 (2) The sale of pull tabs, punchboards, and tip boards:  
11 (A) at bingo events, charity game nights, door prize events,  
12 raffle events, and festivals conducted by qualified  
13 organizations; or  
14 (B) at any time on the premises owned or leased by a qualified



1 organization and regularly used for the activities of the  
2 qualified organization.

3 This article does not apply to any other sale of pull tabs,  
4 punchboards, and tip boards.

5 (c) This article does not apply to a promotion offer subject to  
6 IC 24-8.

7 (d) This article does not apply to the following:

8 (1) A type II gambling game authorized by IC 4-36.

9 (2) A raffle or other gambling game authorized by IC 4-36-5-1(b).

10 **(e) This article does not apply to a savings promotion raffle**  
11 **offered or conducted by an eligible financial institution under**  
12 **IC 28-1-23.2.**

13 SECTION 2. IC 24-8-1-1 IS AMENDED TO READ AS FOLLOWS  
14 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) This article applies to a  
15 promotion offer made:

16 (1) by a person in Indiana; or

17 (2) to a person in Indiana.

18 **(b) This article does not apply to a savings promotion raffle**  
19 **offered or conducted by an eligible financial institution under**  
20 **IC 28-1-23.2.**

21 SECTION 3. IC 28-1-23.2 IS ADDED TO THE INDIANA CODE  
22 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
23 UPON PASSAGE]:

24 **Chapter 23.2. Savings Promotion Raffles**

25 **Sec. 1. As used in this chapter, "director" refers to the director**  
26 **of the department of financial institutions.**

27 **Sec. 2. As used in this chapter, "eligible depository financial**  
28 **institution" means a credit union that is organized or reorganized**  
29 **under Indiana law, the law of another state (as defined in**  
30 **IC 28-2-17-19), or United States law with the express power to**  
31 **receive and accept deposits of money subject to withdrawal by any**  
32 **of the methods set forth in IC 28-1-23-16.**

33 **Sec. 3. As used in this chapter, "eligible individual", with**  
34 **respect to a savings promotion raffle, means an individual who:**

35 (1) is at least eighteen (18) years of age;

36 (2) is a resident of Indiana;

37 (3) is a member of the eligible depository financial institution  
38 conducting the savings promotion raffle; and

39 (4) maintains a qualified account with the eligible depository  
40 financial institution conducting the savings promotion raffle.

41 **Sec. 4. (a) As used in this chapter, "qualified account", for**  
42 **purposes of a savings promotion raffle, means:**



1           (1) a savings account;  
 2           (2) a savings program, including a retirement account, a  
 3           health savings account, or another similar savings product; or  
 4           (3) a time deposit;  
 5       that is offered by an eligible depository financial institution to an  
 6       eligible individual.

7       (b) The term includes:

- 8           (1) an account described in subsection (a) that is a share  
 9           account; and  
 10          (2) an account described in subsection (a) in which an eligible  
 11          individual has an interest:  
 12              (A) individually; or  
 13              (B) jointly with another eligible individual.

14       Sec. 5. (a) As used in this chapter, "qualified financial  
 15       program", for purposes of a savings promotion raffle, means any  
 16       savings, debt reduction, or financial education program or product  
 17       that an eligible depository financial institution offers to eligible  
 18       individuals for the purpose of:

- 19           (1) educating eligible individuals in the concepts of thrift;  
 20           (2) encouraging savings by eligible individuals; or  
 21           (3) providing eligible individuals the opportunity to use and  
 22           control their own money in order to improve their economic  
 23           and social condition.

24       (b) Subject to the approval of the director, and of the eligible  
 25       depository financial institution's board of directors, the term  
 26       includes the following:

- 27           (1) Programs or products that encourage or require eligible  
 28           individuals to open one (1) or more qualified accounts or to  
 29           increase deposits or contributions to one (1) or more qualified  
 30           accounts.  
 31           (2) Programs or products that encourage or require eligible  
 32           individuals to deposit or transfer money into one (1) or more  
 33           qualified accounts on a recurring or automatic basis.  
 34           (3) Programs or products that encourage an eligible  
 35           individual to:  
 36              (A) refinance or consolidate existing debt to obtain a lower  
 37              interest rate;  
 38              (B) lower the eligible individual's total debt ratio or  
 39              revolving debt ratio by paying off or reducing outstanding  
 40              balances; or  
 41              (C) prepare a budget or a debt reduction plan.  
 42           (4) Programs that encourage eligible individuals to:



(A) attend financial education seminars or counseling sessions sponsored by the eligible financial institution and offered free of charge; or

(B) use free online financial education, budgeting, or debt reduction tools.

(5) Any other similar savings, debt reduction, or financial education program or product that an eligible depository financial institution offers to eligible individuals for any of the purposes set forth in subsection (a).

Sec. 6. As used in this chapter, "savings promotion raffle" means a contest:

(1) that is associated with one (1) or more qualified accounts or one (1) or more qualified financial programs offered by an eligible depository financial institution to eligible individuals;

(2) that is conducted by an eligible depository financial institution, alone or together with one (1) or more other businesses;

(3) that offers eligible individuals one (1) or more chances to win designated prizes; and

(4) in which:

(A) the sole consideration for a chance to win a designated prize is obtained by:

(i) depositing a minimum specified amount of money in a qualified account; or

(ii) participating in one (1) or more qualified financial programs; and

(B) each entry has an equal chance of being drawn.

Sec. 7. (a) Subject to subsections (b) and (c) and section 8 of this chapter, and subject to any rules, policies, or guidance adopted by the director under section 9 of this chapter, an eligible depository financial institution may offer and conduct a savings promotion raffle if the following conditions are met:

(1) The terms and conditions of the savings promotion raffle must allow an eligible individual to obtain one (1) or more entries to win a specified prize. Subject to any limits that the eligible depository financial institution may place on the number of entries that an eligible individual is permitted to obtain for any given savings promotion raffle, as set forth in the terms and conditions of the savings promotion raffle, the eligible depository financial institution must allow an eligible individual to obtain an entry for a savings promotion raffle only by doing either or both of the following:



- 1 (A) Depositing a minimum specified amount of money in a
- 2 qualified account in accordance with the terms and
- 3 conditions of the savings promotion raffle.
- 4 (B) Participating in one (1) or more qualified financial
- 5 programs in accordance with the terms and conditions of
- 6 the savings promotion raffle.
- 7 (2) Each entry in the savings promotion raffle must have an
- 8 equal chance of being drawn.
- 9 (3) The savings promotion raffle must be approved by:
- 10 (A) the director; and
- 11 (B) the eligible depository financial institution's board of
- 12 directors;
- 13 before it is offered or promoted to eligible individuals by the
- 14 eligible depository financial institution.
- 15 (b) An eligible depository financial institution may not conduct
- 16 a savings promotion raffle if the savings promotion raffle will:
- 17 (1) harm the eligible depository financial institution's ability
- 18 to operate in a safe and sound manner; or
- 19 (2) mislead eligible individuals or the public.
- 20 (c) An eligible depository financial institution that conducts a
- 21 savings promotion raffle under this chapter shall maintain books
- 22 and records relating to the conduct of the savings promotion raffle
- 23 in the manner and for the length of time that the director may
- 24 prescribe in rules, policies, or guidance adopted under section 9 of
- 25 this chapter.
- 26 Sec. 8. (a) An eligible depository financial institution that offers
- 27 a savings promotion raffle under this chapter shall:
- 28 (1) post in any location where entries may be submitted; and
- 29 (2) disclose in any:
- 30 (A) printed materials; or
- 31 (B) electronic media;
- 32 promoting the savings promotion raffle;
- 33 a statement describing the terms and conditions of the savings
- 34 promotion raffle.
- 35 (b) The statement required under subsection (a) must include
- 36 language specifying the following:
- 37 (1) The following:
- 38 (A) That, except for:
- 39 (i) making a deposit described in section 7(a)(1)(A) of
- 40 this chapter; or
- 41 (ii) participating in one (1) or more qualified financial
- 42 programs, as described in section 7(a)(1)(B) of this



chapter;

no other action, and no purchase or other consideration, is necessary for an entry into the savings promotion raffle.

(B) That, except for:

(i) making a deposit described in section 7(a)(1)(A) of this chapter; or

(ii) participating in one (1) or more qualified financial programs, as described in section 7(a)(1)(B) of this chapter;

taking any other action, or purchasing any goods or services, will not improve the odds of winning.

(C) That the odds of winning are determined based on the number of entries received.

**Sec. 9. (a) Subject to any applicable federal laws or regulations, the director may do any of the following:**

(1) Prescribe the form or manner in which an eligible depository financial institution may seek approval from the department to offer a savings promotion raffle to eligible individuals.

(2) Adopt rules, policies, or guidance concerning the conduct of savings promotion raffles in Indiana.

(3) Examine the conduct of an eligible depository financial institution's savings promotion raffle.

(4) Issue cease and desist orders or otherwise exercise the department's enforcement powers under IC 28-11-4 for a violation of this chapter.

**(b) The director shall:**

(1) monitor federal regulatory and legislative action concerning the authorization of:

(A) national banks;

(B) Federal Reserve System member banks;

(C) nonmember state banks insured by the Federal Deposit Insurance Corporation;

(D) federal savings and loan associations; and

(E) any other depository financial institutions prohibited by federal law from offering savings promotion raffles or similar prize linked savings products;

to offer savings promotion raffles or similar prize linked savings products; and

(2) not later than thirty (30) days after learning that federal action has been taken to authorize any of the depository financial institutions described in subdivision (1) to offer





1 savings promotion raffles or similar prize linked savings  
2 products, shall:

3 (A) adopt rules, policies, or guidance to provide that,  
4 subject to any applicable federal laws or regulations, and  
5 except as prohibited by any applicable federal laws or  
6 regulations, any depository financial institution that seeks  
7 to offer a savings promotion raffle to Indiana residents  
8 must offer and conduct the savings promotion raffle in  
9 accordance with this chapter; and

10 (B) notify the legislative council in writing of the federal  
11 action taken so that the general assembly may prepare  
12 legislation to conform this chapter, or any other statute or  
13 rule, with the federal action taken, if the general assembly  
14 determines that it is necessary or desirable to do so.

15 The notice to the legislative council described in clause (B)  
16 must be in an electronic format under IC 5-14-6.

17 SECTION 4. IC 35-45-5-7, AS AMENDED BY P.L.233-2007,  
18 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
19 UPON PASSAGE]: Sec. 7. This chapter does not apply to the  
20 publication or broadcast of an advertisement, a list of prizes, or other  
21 information concerning:

- 22 (1) pari-mutuel wagering on horse races or a lottery authorized by
- 23 the law of any state;
- 24 (2) a game of chance operated in accordance with IC 4-32.2; ~~or~~
- 25 (3) a gambling game operated in accordance with IC 4-35; ~~or~~
- 26 (4) **a savings promotion raffle offered or conducted by an**
- 27 **eligible financial institution under IC 28-1-23.2.**

28 SECTION 5. IC 35-45-5-13 IS ADDED TO THE INDIANA CODE  
29 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
30 UPON PASSAGE]: **Sec. 13. This chapter does not apply to a savings**  
31 **promotion raffle offered or conducted by an eligible financial**  
32 **institution under IC 28-1-23.2.**

33 SECTION 6. An emergency is declared for this act.

